

AMENDED IN ASSEMBLY MARCH 9, 2010
AMENDED IN ASSEMBLY SEPTEMBER 9, 2009
AMENDED IN SENATE MAY 6, 2009

SENATE BILL

No. 730

Introduced by Senator Wiggins

February 27, 2009

An act to add Article 2 (commencing with Section 2846) to Chapter 8 of Part 2 of Division 1 amend Section 399.4 of the Public Utilities Code, relating to energy efficiency.

LEGISLATIVE COUNSEL'S DIGEST

SB 730, as amended, Wiggins. Sonoma County Energy Efficiency Pilot Project Act of 2010.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the commission to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act additionally requires the commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan. Existing law relative to the restructuring of the

electrical services industry requires the commission, in evaluating energy efficiency investments, to ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into an electrical corporation's energy efficiency program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation, where appropriate.

This bill would require the commission, in evaluating energy efficiency investments, to ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into an electrical corporation's energy efficiency program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program design, revision, and implementation, where appropriate. The bill would require an electrical corporation, when developing or revising its energy efficiency program portfolio design, to collaborate with, and seek comments from, county climate protection authorities or other public agencies that are directly authorized to implement regional or countywide climate protection and energy efficiency programs.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and place additional duties upon electrical corporations, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas and electric corporations. Under existing law the commission is required to evaluate data from the Solar Water Heating Pilot Project conducted by the California Center for Sustainable Energy, and if it determines that the program is cost effective for ratepayers, to design and implement a program to achieve the goal of the Legislature to promote the installation of 200,000 solar water heating systems in homes and businesses by 2017.~~

~~Existing law requires the program to be administered by gas corporations and third party administrators and requires the commission to fund the program through a surcharge applied to gas customers at a level necessary to meet the goal of installing 200,000 solar water heating systems.~~

~~This bill would establish the Sonoma Energy Efficiency Pilot Project Act of 2010 and would require the commission, in cooperation with the Sonoma County Water Agency, to institute a rulemaking proceeding for the creation of a pilot project to grant rebates for the installation of energy efficient heating and cooling systems, as defined, in Sonoma County. The bill would require the rebates and incentives be made from funds collected from a surcharge imposed by the commission on gas and electric ratepayers in Sonoma County.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.4 of the Public Utilities Code is
2 amended to read:

3 399.4. (a) (1) In order to ensure that prudent investments in
4 energy efficiency continue to be made that produce cost-effective
5 energy savings, reduce customer demand, and contribute to the
6 safe and reliable operation of the electric distribution grid, it is the
7 policy of this state and the intent of the Legislature that the
8 commission shall continue to administer cost-effective energy
9 efficiency programs authorized pursuant to existing statutory
10 authority.

11 (2) As used in this section, the term “energy efficiency” includes,
12 but is not limited to, cost-effective activities to achieve peak load
13 reduction that improve end-use efficiency, lower customers’ bills,
14 and reduce system needs.

15 (b) The commission, in evaluating energy efficiency investments
16 under its existing statutory authority, shall also ensure that local
17 and regional interests, multifamily dwellings, and energy service
18 industry capabilities are incorporated into program portfolio design
19 and that local governments, *including county regional climate*
20 *protection authorities*, community-based organizations, and energy
21 efficiency service providers are encouraged to participate in
22 program *design, revision, and* implementation where appropriate.

1 ~~2847.1. The Legislature finds and declares all of the following:~~

2 ~~(a) California's growing population and economy will put a~~
3 ~~strain on energy supplies and threaten the ability of the state to~~
4 ~~meet its global warming goals unless specific steps are taken to~~
5 ~~reduce demand and generate energy cleanly and efficiently.~~

6 ~~(b) Cost-effective and market-ready technologies exist to replace~~
7 ~~water heating and space heating and cooling systems for domestic~~
8 ~~and industrial use that currently rely on natural gas and electricity~~
9 ~~generated from fossil fuels and accounts for a significant percentage~~
10 ~~of the state's energy consumption.~~

11 ~~(c) In addition to financial and energy savings, energy efficient~~
12 ~~heating and cooling systems can help protect against future gas~~
13 ~~and electricity shortages and reduce our dependence on foreign~~
14 ~~sources of energy by displacing the use of electricity and natural~~
15 ~~gas.~~

16 ~~(d) Energy efficient heating and cooling systems can also help~~
17 ~~preserve the environment and protect public health by reducing~~
18 ~~air pollution, including carbon dioxide, a leading global warming~~
19 ~~gas, and nitrogen oxide, a precursor to smog.~~

20 ~~(e) Growing demand for energy efficient technologies will create~~
21 ~~jobs in California as well as promote greater energy independence,~~
22 ~~protect consumers from rising energy costs and result in cleaner~~
23 ~~air.~~

24 ~~(f) It is in the interest of the State of California to promote~~
25 ~~energy efficient heating and cooling systems and other technologies~~
26 ~~that directly reduce demand for natural gas and electricity in homes~~
27 ~~and businesses.~~

28 ~~(g) It is the intent of the Legislature to build a mainstream~~
29 ~~market for energy efficient heating and cooling systems such as~~
30 ~~ground source heat pumps that directly reduce demand for~~
31 ~~electricity and natural gas in homes, businesses, and government~~
32 ~~buildings.~~

33 ~~(h) It is the intent of the Legislature that data about the~~
34 ~~cost-effectiveness and ratepayer benefits of providing subsidies~~
35 ~~for energy efficient heating and cooling systems should be gathered~~
36 ~~and studied in a manner similar to that mandated by the Solar~~
37 ~~Water Heating and Efficiency Act of 2007, Article 2 (commencing~~
38 ~~with Section 2860) of Chapter 9 of Part 2 of Division 1.~~

39 ~~2847.2. (a) In cooperation with the Sonoma County Water~~
40 ~~Agency and other local agencies responsible for the County's~~

~~1 Energy Independence Program, the commission shall institute a~~
~~2 rulemaking proceeding for creation of a pilot project to promote~~
~~3 the deployment of energy efficient heating and cooling systems~~
~~4 in Sonoma County that displace either natural gas or electrical~~
~~5 usage through the use of rebates.~~

~~6 (b) The commission shall fund the program through the use of~~
~~7 a non by passable surcharge applied to gas and electric customers~~
~~8 located in Sonoma County based upon the amount of natural gas~~
~~9 and electricity consumed.~~

~~10 (c) The purpose of the pilot project is to assess whether~~
~~11 ratepayers will recoup the cost of their investment in energy~~
~~12 efficient heating and cooling systems through lower prices as a~~
~~13 result of avoiding purchases of natural gas or electricity, and benefit~~
~~14 from additional system stability and the reduction of greenhouse~~
~~15 gas emissions and other air pollutants.~~

~~16 (d) As part of the rulemaking proceeding, the commission, in~~
~~17 consultation with the Energy Commission and interested members~~
~~18 of the public, shall establish eligibility criteria for energy efficient~~
~~19 heating and cooling systems receiving gas or electric ratepayer~~
~~20 funded incentives pursuant to this article. The criteria should~~
~~21 specify and include all of the following:~~

~~22 (1) Design, installation, and energy output or displacement~~
~~23 standards.~~

~~24 (2) Require that energy efficient heating and cooling system~~
~~25 components are new and unused, and have not previously been~~
~~26 placed in service in any other location or for any other application.~~

~~27 (3) Require that energy efficient heating and cooling systems~~
~~28 are installed in conformity with the manufacturer's specifications~~
~~29 and all applicable codes and standards.~~

~~30 (e) The commission shall set rating standards for equipment,~~
~~31 components, and systems to ensure reasonable performance and~~
~~32 shall develop standards that provide for compliance with the~~
~~33 minimum ratings.~~

~~34 2847.3. (a) The rebates and incentives provided to ratepayers~~
~~35 within Sonoma County through this pilot project shall decline over~~
~~36 time. They shall be structured so as to drive down the cost of the~~
~~37 energy efficient heating and cooling system technologies, and be~~
~~38 paid out on a performance-based incentive basis so that incentives~~
~~39 are earned based on the actual energy savings, or on predicted~~
~~40 energy savings as established by the commission.~~

1 ~~(b) The commission shall consider federal tax credits and other~~
2 ~~incentives available for this technology when determining the~~
3 ~~appropriate rebate amount.~~

4 ~~(c) The commission shall consider the impact of rebates for~~
5 ~~energy efficient heating and cooling systems pursuant to this article~~
6 ~~on existing incentive programs for energy efficiency technology.~~

7 ~~2847.4. Not later than July 1, 2015, the commission shall report~~
8 ~~to the Legislature as to the effectiveness of the pilot project and~~
9 ~~make recommendations as to any changes that should be made to~~
10 ~~the program, or whether it should be expanded beyond Sonoma~~
11 ~~County. This report shall include justification for the size of the~~
12 ~~rebate program in terms of total available incentive moneys as~~
13 ~~well as the anticipated benefits of the program in its entirety.~~